

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 LAB-04 SIL-01 OMB-01 FEA-01 INT-05 /059 W

-----054117 130044Z /73

R 120840Z OCT 77

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 7335

INFO AMEMBASSY RABAT POUCH

AMEMBASSY TUNIS POUCH

AMCONSUL CASABLANCA POUCH

AMCONSUL ORAN POUCH

LIMITED OFFICIAL USE ALGIERS 2570

E. O. 11652: N/A

TAGS: EFIN, EGEN, AG

SUBJ: ALGERIAN DEVELOPMENT PLAN

1. IN DISCUSSION WITH ECONOFF AND EXIMBANK VISITOR HUBER OCTOBER 10. AIT YOUNES, DIRECTOR OF STUDIES AT PLAN SECRETARIAT, FURNISHED INFORMATION ABOUT NEXT ALGERIAN DEVELOPMENT PLAN.

2. PRESENT FOUR YEAR PLAN ENDS DECEMBER 31 THIS YEAR. GOA HAS NOT YET DECIDED WHETHER TO MAKE NEXT PLAN FOR FOUR YEAR (1978-81), FIVE YEARS (1978-82), OR THREE YEARS (1979-81) WITH A "PAUSE" IN 1978. IN ANY CASE NEXT PLAN WILL NOT BE MADE PUBLIC UNTIL AFTER PARTY CONGRESS IN JUNE 1978.

3. AIT YOUNES SAID THAT PLAN WILL GREATLY INCREASE EMPHASIS ON SOCIAL INVESTMENTS, PARTICULARLY HOUSING. HOUSING NOW ACCOUNTS FOR EIGHT PERCENT OF TOTAL PUBLIC SECTOR INVESTMENT BUT HE EXPECTS THIS TO RISE TO ALMOST TWENTY PERCENT BY END OF NEXT PLAN. MAJOR EFFORT TO MOBILIZE SAVINGS OF SMALL SAVERS FOR USE IN HOUSING SECTOR EXPECTED. AGRICULTURE AND WATER RESOURCES, NOW ALLOTTED 15 PERCENT OF PUBLIC SECTOR INVESTMENT, WILL BE GIVEN LARGER SHARE, POSSIBLY 25 PERCENT BY 1980. HYDROCARBONS WILL REMAIN TOP PRIORITY SINCE "NOTHING IS POSSIBLE" WITHOUT FOREIGN EXCHANGE EARNINGS FROM HYDROCARBONS. OTHER INDUSTRY (INCLUDING PETROCHEMICALS), NOW RECEIVING 50 PERCENT OF PUBLIC SECTOR INVESTMENTS, WILL RECEIVE LESS AND EMPHASIS WILL CHANGE TO "INTER-INDUSTRY RELATIONSHIPS", GEOGRAPHIC DISPERSION, AND BETTER EXPLOITATION OF EXISTING PLANTS. JIJEL

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SPECIAL STEELS PLANT AND INCREASED CAPACITY AT EL HADJAJ STEEL MILL MENTIONED AS "MUSTS." WE HAVE IMPRESSION THAT ORAN AUTOMOBILE PLANT AND WESTERN STEEL MILL AND ASSOCIATED RAILROAD FROM TINDOUF ARE POSSIBILITIES, NOT CERTAINTIES FOR NEXT PLAN.

4. IN RESPONSE TO OUR QUESTION AIT YOUNES SAID HE CONSIDERED 35 PERCENT (SIC) THE MAXIMUM TOLERABLE DEBT SERVICE RATIO. IN RESPONSE TO OUR EXPRESSED DOUBT THAT THE AMOUNT OF CREDIT IMPLIED BY SUCH A HIGH RATION WOULD BE AVAILABLE TO ALGERIA HE REPEATED A FAMILIAR, IF SOMEWHAT SURPRISING LINE. BANKS IN INDUSTRIALIZED COUNTRIES ARE SUPER LIQUID, HE SAID, AND HAVE TO LEND TO COUNTRIES LIKE ALGERIA, WHICH HAS OIL AND GAS AND HAS OR IS BUILDING THE MEANS TO EXPORT THEM. (THIS SAME LINE - THAT THE BANKS "HAVE" TO LEND TO ALGERIA - WAS TRIED ON DAVID ROCKEFELLER DURING HIS VISIT LAST SPRING. ROCKEFELLER THOUGHT IT DEMONSTRATED THE LACK OF SOPHISTICATION OF ALGERIAN FINANCIAL OFFICIALDOM.)

5. FINALLY, AIT YOUNES SAID CENSUS RESULTS SHOW 18 MILLION ALGERIANS AS OF JANUARY 1977, OF WHICH 17.3 MILLION ARE RESIDENT IN ALGERIA.

NEXT PLAN, LIKE ITS PREDECESSORS, WILL NOT PROVIDE FOR FAMILY PLANNING. ALGERIA STILL SEES LIMITATION OF BIRTHS AS A CONSEQUENCE OF, NOT A MEANS FOR ACHIEVING, ECONOMIC DEVELOPMENT. STEPHAN

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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009